



STATEMENT OF AT&T CONNECTICUT

Regarding Raised House Bill 7317 An Act Allowing Retention of Paid Vacation Days

Before the Labor Committee
March 8, 2007

Proposal:

Raised House Bill 7317 would amend the general statutes to add a new provision that would require employers to allow employees who receive paid vacation days to have an additional year to use them or be reimbursed for unused days.

Comments:

AT&T Connecticut strongly objects to HB 7317.

HB 7317 would require AT&T companies and other affected companies to allow employees to take an additional year to use vacation days or receive reimbursement for unused days.

The imposition of rules by the State concerning the use of vacation days is ill advised. For an employer, providing paid time off requires balancing workload, employee needs and payroll costs. Requiring an employee to take vacation in the calendar year in which time is made available fosters all three; RHB 7317 would frustrate all three.

AT&T companies recognize the value of paid time off for their employees, including an extended period of time where the employee is away from the demands of work. This serves a number of purposes; most importantly, the employee has time to relax and refresh, leading to a positive impact on employee health and productivity. For management employees, particularly those in certain financial positions, this also supports necessary internal controls. These benefits only accrue if the employee actually takes the time off on a regular basis and AT&T policy strongly fosters use of the time off in the year for which it is intended. RHB 7317 would frustrate the very purpose for extended paid time off by encouraging employees to take pay in lieu of vacations and requiring the company, in the alternative, to allow employees to carryover time for a full year beyond the year in which it is made available.

Paid time off provides a challenge for companies who must manage payroll costs and meet customer service demands to compete. Regulatory requirements on companies such as AT&T Connecticut, such as limits on the time it takes to repair or install service, add to the challenge. Reasonable limitations on the time period in which vacations must be taken help the employer manage these requirements. Allowing an employee to carry over vacation time beyond the year in which it is awarded, effectively doubles the time off that a company may be required to manage in a calendar year. The alternative of paying employees for the time is not a reasonable solution, because, as discussed below, this imposes a significant additional cost on the employer.

RHB 7317 also will have a direct economic effect on companies, as shifting paid time off to the next year will result in higher costs. This occurs whether the employee takes the additional vacation time in the second year or is paid a lump sum. An employee who doesn't take the time off in year one gets paid for the time worked, including the time that was intended to be vacation time. In the second year, the employer pays for the time again, often at higher pay rates.

We recognize that there are certain occasions when a company's workload prevents an employee from being able to use all of their paid time off in a particular calendar year. The AT&T paid time off policy permits managers, under certain limited circumstances and with company approval, to carry over paid time off to the following year. The companies' bargaining agreements also provide for vacation carryover under specified circumstances. The proposed bill would go beyond these limited occasions and permit any employee that has not used their vacation time to carry the time over to the following year.

Finally, recognizing that employees need time off for a variety of reasons, which may change from year to year, many companies, including the AT&T companies, have consolidated paid time off provisions and provide employees a certain amount of time, without limiting the reasons for which the time can be used. This allows employees more flexibility in using their paid time off. At a minimum, the proposed legislation should be clarified so that it does not apply to this consolidated time.

Conclusion:

AT&T Connecticut strongly opposes the regulation of vacation policies proposed in Raised House Bill 7317. It would increase employer costs as well as alter the balance achieved by employers among workload requirements, employee needs for time off, internal controls and economic realities.